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DRMI Newsletter

Defense Resources Management Institute, Naval Postgraduate School, Monterey, California

Issue 22

www.nps.navy.mil/drmi/

October 2007

Send Us Your News!



Change jobs? Get promoted? We want to hear from you! Stay connected with DRMI by sending us your news and making sure we have your current e-mail address. When a

new newsletter becomes available, we'll send you an email with a newsletter link so you can keep in touch with your classmates and stay informed as to the latest with DRMI. Send your news to DrmiAdmin@nps.edu.

Issue Highlights:

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C.J.'s Corner

Comments from Dr. C.J. LaCivita, Executive Director, DRMI



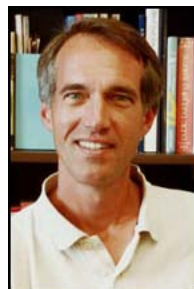
Deputy Secretary of Defense Gordon England recently issued a memorandum listing 25 goals to be accomplished by the Department of Defense by December 2008. The goals are actually sub-goals of four major goals and form the beginnings of a goals hierarchy as we teach here at

DRMI:

(See "C.J.'s Corner" on page 2.)

Feature Article

DRMI and *The Black Swan*: What Do You Really Know? by Senior Lecturer Al Polley



Those who have played the TEMPO Military Planning Game should recall their primary task or activity—the allocation of scarce resources among abundant alternatives under conditions of uncertainty over time. The play of the game involves uncertainties, and how a team man-

ages those uncertainties determines its success or failure in the game. Throughout our course we discuss ways to cope with uncertainty, ranging from ignoring it to quantifying the probabilities of possible future conditions and how they relate to our desired outcomes. To some extent, this requires consideration for what we know and what we don't know. Sometimes we assume that we know things that we really don't know. Unfortunately, we often fail to realize we have done so! This problem is one of the themes of *The Black Swan*, by Nassim Taleb.

Long before the birth of rock and roll, there was a belief that all swans were white. No European had ever seen a swan that was not white, nor had anyone predicted that such a swan could exist. So when the Europeans began to populate Australia, they were quite surprised to discover the presence of black swans. This is the origination of the expression "black swan event," which Taleb uses to describe a rare occurrence that has a significant impact and which is only retrospectively predictable.

Taleb makes many very good points, chief among them that our ability to predict the future is very poor, but that we continue to delude ourselves into believing we can do so despite the evidence to the contrary. He characterizes two worlds—the world of Mediocristan, in which the normal distribution applies and things tend toward the middle, and the world of Extremistan, in which outliers have extraordinarily large impacts on the average.

(See "Black Swan" on page 12.)

C.J.'s Corner (Continued from page 1.)

Prevail in the Global War on Terrorism

- Develop Near East – South Asia security cooperation strategy and plan
- Conduct September 2007 Iraq surge assessment and revise and execute strategies and plans accordingly
- Implement long-term strategy for detainees
- Rapidly field Mine Resistant Ambush Protected vehicles
- Aggressively support the Joint Improvised Explosive Device Defeat Organization and its institutionalization
- Implement building partnership capacity initiatives
- Swiftly improve high value target tracking and locating capabilities
- Communicate in a 24/7 new media age

Strengthen Joint Warfighting Capabilities

- Finalize and implement the cyberspace strategy
- Sustain Special Operations Force expansion plan
- Continue ground force expansion, reorganization, and reset to include transforming Reserve Component into an operational reserve
- Move New Triad to implementation
- Strengthen cultural awareness and language capabilities
- Achieve full operational capability for Africa Command and initiate transformation of Southern Command toward an inter-agency operation
- Execute BRAC and global re-posture
- Complete a homeland defense – civil support capabilities based assessment and revise and execute plans and resources accordingly

Focus on People

- Sustain the all-volunteer force to include dwell times, Active-Reserve-civilian-contractor mix, Commission on National Guard and Reserve implementation, and support to families
- Swiftly implement Wounded Warrior recommendations and accelerate Bethesda National Military Medical Center
- Complete National Security Personnel System implementation and new Senior Executive Service system
- Develop strategy to prevent civilian leadership vacuum

Transform Enterprise Management

- Establish a new strategic planning process to include an improved process for prioritizing and aligning resources to joint capability demands, implement a common transparent decision framework and supporting management information system, and expand Capability Portfolio Management
- Streamline security clearance process
- Implement Defense Business Systems Management Committee and Business Transformation Agency agendas to include fielding Defense Integrated Military Human Resources System
- Modernize and integrate critical financial management and internal control systems
- Pursue targeted acquisition reforms to include Concept Decision, Life-cycle Management, Configuration Steering Boards, and Energy initiatives

Note that almost all of these goals require further development of a goal hierarchy in order to implement them as well as to develop measures of effectiveness. For example, “Modernize and integrate critical financial management and internal control systems.” What does that mean? Which systems are deemed critical? What specific initiatives will be accomplished? How will success be measured? They will also require the use of analysis to determine the best alternatives for accomplishing the goals.

In other news, we began using our new classroom with this year's DRMC 07-4 on 23 July. Although there have been the usual minor glitches, the new facility is a major improvement on our old classroom in Spanagel Hall.

Issues in Defense Resources Management

Precision – How Much is Enough? by Senior Lecturer Steve Hurst



For the purposes of aiming artillery, the degree is simply too large. If you were to adjust the direction of fire by only one degree, you would shift the impact of a round fired at a target located 10,000 meters from the gun by almost 180 meters. That

level of precision is insufficient to accurately hit a target. To correct this inadequacy, artillery adopted the mil. In simple terms, a mil is an angle measuring one meter wide at 1,000 meters. With 17.7 mils per degree it can be seen that the mil allows for a much finer adjustment in the elevation and direction of fire.

Recalling the formula for the circumference of a circle (πd), a circle with a thousand meter radius (2,000 meter diameter) should have a circumference of 6,283 meters. This number was thought to be too unwieldy for quick calculations so the United States Army decided to round up to 6,400 mils in a circle, while Russian artillery decided to round down to 6,000 mils in circle. So, who's right and what difference does it make?

If an American or Russian forward observer, looking through their respective mil gradient binoculars, determined that the next round needed to move 100 meters to the right, and the gun was 10,000 meters from the target, the direction of fire would be changed by 10 mils, i.e. 1 mil/1,000 meters times 10 equals a movement of 100 meters at 10,000 meters. Based on the adoption of 6,400 mils by the U.S. and 6,000 mils by the Russians, the American gun would actually move the impact 102 meters, while the Russian gun would move the impact 95.5 meters.

So what should artillery planners do to correct this glaring inaccuracy? The answer is NOTHING! As is all too often the case, we get caught up in an attempt to achieve the greatest possible precision. We carry out calculations to the third or fourth decimal place when the nearest whole number is probably good enough. Many studies involving hundreds or thousands of dollars are calculated and presented to the nearest cent! Even the IRS lets us drop the pennies. Estimating techniques that rely on historical data to give us a rough cost estimate, for example, of a new building to the nearest \$100, or even \$1,000, are more than sufficient for an initial budget submission. In the case of the artillery example cited above, we forget that the casualty radius of a 155mm howitzer is 100 meters. A few meters to the left or right is not going to make a really big difference.

DRMI News

IDMC 07-2 commences

The International Defense Management Course (IDMC) 07-2 began on September 23. There are 38 participants from 22 countries with several alumni.



IDMC 07-2 participants on the peninsula tour.

The first week of the course included an opening reception where they met their community hosts, the Tempo Military Planning Game, an attitude adjustment party, a Toro Park picnic with the faculty, and the Monterey peninsula tour. On October 30 - November 4, participants will travel to Washington, DC to visit the Pentagon, the State Department and other U.S. government agencies. The trip is part of a program to allow the course participants to learn more about the U.S. They will graduate on December 7.

DRMI conducts Boeing workshop by Professor Kent D. Wall

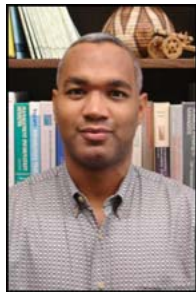


Professor Kent D. Wall and Associate Professor Robert M. McNab conducted a four-day workshop at the Boeing Company, Seattle, WA 17-20 September 2007. The workshop, entitled "Advanced Analytical Decision Making," focused on quantitative techniques for assessing alterna-

tive designs, policies and strategies in terms of their costs, effectiveness and risk. The workshop placed special emphasis on developing a unified framework within which the decision maker could explore trade-offs between these three factors and obtain a solution that adequately addressed organizational goals and ob-

jectives. The workshop employed a single integrating exercise that challenged the participants to develop a workable formulation of the decision problem, execute quantitative analysis and indulge in meaningful interpretation of the products of this analysis to arrive at a choice. This process involved development of an objectives hierarchy, preference modeling, cost modeling, simulation analysis and the incorporation of the subjective assessments. The exercise stressed the development of a quantitative definition of risk that could be integrated with the cost and effectiveness models. The decision maker's incorporation of the effectiveness preference over time formed a very important part of the latter stages of the exercise.

DRMI concludes BPEA course by LtCol Chris Page, USMC



DRMI conducted an eight-day course titled, "Budget Preparation, Execution and Accountability" (BPEA) from 17-26 September. This course provided principles and concepts for preparing and executing defense budgets. The twelve participants came from eight different nations: Co-

lombia, Estonia, Israel, Pakistan, Romania, Spain (where one Spanish participant was also from NATO), Tanzania and the United States.



BPEA 07-1 participants.

DRMI faculty for the course included Dr. Jim Blandin, Lt Col Fred Bellamy (USAF), LTC Mark Hladky (USA), Dr. Francois Melese, Lecturer Luis Morales, Dr. Jim Morris, LtCol Chris Page (USMC, course coordinator), and Dr. Natalie Webb. The faculty began the discussion with a

general planning, programming, budgeting and execution system (PPBES) framework and illustrated how planning and programming supports national defense objectives and priorities. We then discussed how this kind of system allocates resources in the budget. The participants worked through several case studies designed to capture the process of translating top-level guidance and integrating it at lower organizational levels to create a defensible budget, implement funds control, and establish performance management and accountability in the resource allocation process.

DRMI concludes DRMC 07-5

The Defense Resources Management Course (DRMC) 07-5 commenced on 20 August. The 26 participants included 17 internationals from the following ten countries: Argentina, Germany, Korea, Latvia, Malaysia, New Zealand, Norway, Philippines, Spain and Tanzania. The participants enjoyed a Monterey peninsula tour and the course concluded 14 September.



DRMC 07-5 participants.

Bangladesh MIDMC by Senior Lecturer Steve Hurst

DRMI delivered its second Mobile International Defense Management Course (MIDMC) in Bangladesh from 15-26 July. The faculty team consisted of LTC Mark Hladky (USA), Senior Lecturer Steve Hurst, Dr. Bob McNab and Lecturer Luis Morales. The course supported the efforts of the Office of Defense Cooperation to bring together military and civilian agency personnel to improve the defense planning and budgeting efforts throughout the Ministry of Defense, Comptroller General and the services,

and to improve cooperation among the military services and ministries of Bangladesh. DRMI's presentation of key economic concepts and analytical tools combined with various lectures and exercises on public budgeting offered a foundation for these efforts. The Bangladesh military has in place an extensive professional military education program, as evidenced by the military participants who were very well prepared and grasped all presented concepts immediately. Their excellent educational background was apparent in the discussions during and following each lecture. The 36 participants represented a perfect combination of military and civilian personnel from the Ministry of Defense that greatly added to the exchange of views, ideas, and network-building among this group of potential future military and civilian government leaders.



Lecturer Luis Morales leads a discussion group.

DRMI's objective of providing an environment for the exchange of ideas was an overwhelming success. Discussions were frequent and often heated as the various ministries presented their perspective. Having the faculty and participants housed at the same facility provided a unique opportunity to extend the discussion on relevant issues well beyond the end of the daily course schedule.

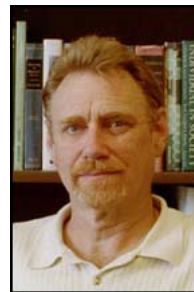
With 150,000,000 inhabitants living in an area roughly the size of the state of Georgia, Bangladesh remains poor and overpopulated. Torrential rains during the monsoon season, coupled with drainage from the Himalayas, results in severe annual flooding throughout the country. Attempting to mitigate the impact of this natural disaster absorbs a tremendous amount of the country's limited resources. The universal response of the participants was that the participant's introduction to economic and systems

analysis, along with relevant management tools, will help Bangladesh support effective and efficient planning, allocation and budgeting of scarce public resources.



MIDMC faculty and participants enjoy a game of basketball.

Argentina MIDMC, by Senior Lecturer Larry Vaughan



DRMI recently completed its 18th presentation of a Mobile International Defense Management Course (MIDMC) in Argentina. The faculty team consisted of Dr. James Airola, Dr. Jomana Amara, Dr. Diana Angelis, Senior Lecturer Phil Costain, Senior Lecturer Larry

Vaughan (course coordinator) and Dr. Natalie Webb. DRMI conducted the course in Buenos Aires at the Escuela de Defensa Nacional (National Defense School or EDENA) from 10-21 September.

Forty-six participants (17 civilians and 29 military) received certificates; thirty-three were from the master's program in national defense; the other 13 came from 12 different planning, budget, logistics, personnel and education directorates and the Senate Committee for Defense. Military representatives included officers from the army, navy, air force, coast guard, provincial and national capital police forces of Argentina and participants from Brazil, the Dominican Republic, Mexico, Venezuela and the United States. The participants exhibited a high level of analytical skills and worked very well in small groups, a reflection of their ongoing work at the EDENA. There were five women and forty-one men. Another MIDMC has been scheduled for September 2008.

DRMI concludes MCDM course by Dr. Anke Richter



DRMI offered its Multi-Criteria Decision Making (MCDM) short course in Monterey, CA from August 20 - 31, 2007. There were 14 participants from seven different countries: Colombia, Georgia, Israel, Malaysia, Romania, Saudi Arabia, and Tanzania. DRMI faculty pre-

sented methods to formulate, structure, and solve decision problems incorporating multiple objectives and decision criteria. This course provided an in-depth exploration of this topic, an extension of our standard courses. Participants focused on two case studies – selecting an unmanned aerial aircraft and selecting army bases for closure. The course included a guest speaker from the Operations Research department, LtCol Paul Lee Ewing, who participated in the Base Realignment and Closure (BRAC) process for the U.S. Army. The participants also worked on and presented their own country-specific decision problems that could be addressed using this methodology. The faculty team consisted of Dr. Kent Wall, Dr. Eva Regnier, Dr. James Morris, Senior Lecturer Don Bonsper, Senior Lecturer Phil Costain, Senior Lecturer Allan Polley, and Dr. Anke Richter (course coordinator).



MCDM 07-1 participants.

The participants gave the course high marks and we look forward to presenting it two times in 2008. Tentative dates for the course are 04–15 February and 18–29 August. DRMI faculty can also present the course onsite upon request. Check our website for updates.

DRMI concludes DRMC 07-4

The Defense Resources Management Course (DRMC) 07-4 commenced on 23 July. The 35 participants included 19 internationals from the following 14 countries: Argentina, Armenia, Denmark, Georgia, Germany, Greece, Israel, Jordan, Norway, Qatar, Saudi Arabia, Thailand, Turkey, and Ukraine. The participants enjoyed a Monterey peninsula tour and the course concluded 16 August.



DRMC 07-4 participants.

SIDMC 07 concludes

The Senior International Defense Management (SIDMC) course began on 25 June and included 53 participants from 30 countries. The class and many dependents joined us for an informative and enjoyable trip to San Francisco July 13–15 as part of a program designed to allow the course participants to learn more about the U.S. The guest speaker for the course was Mr. Brad Berkson, Director, Office of Program Analysis and Evaluation in the Office of the Secretary of Defense. Mr. Berkson is the current chair of the DRMI Policy Guidance Council. SIDMC 07 concluded on 20 July with a graduation ceremony, which included a memorable speech by class leader Captain Mohd Zahri from the Royal Malaysian Navy. Captain Zahri composed a poem titled, "Farewell Drmecia," printed in the next section under SIDMC 07 class notes.



SIDMC 07 participant Colonel Daniel El Nayar of the Argentine Army playing guitar at the DRMI picnic. Also pictured is Lecturer Luis Morales.

Participant News □

DRMC 07-4 class notes

Commander Edward (Ed) Magryta, Navy, United States sends DRMI his greetings. (Also attended DRMC 07-2.)

MIDMC 07-8 class notes

Commander S M Altaf Hossain, Coast Guard, Bangladesh, sends DRMI his greetings.



MIDMC 07-8 participants pictured with Dr. Robert McNab and Lecturer Luis Morales. Photo courtesy of CDR S M Altaf Hossain.

SIDMC 07 class notes

The following SIDMC 07 participants sent DRMI their greetings:

Brigadier General Dadi Igah, Army, Nigeria.

Colonel Ernesto Pellizzaro, Air Force, Argentina.



SIDMC 07 participants pictured with Senior Lecturer Don Bonsper. Photo courtesy of Colonel Ernesto Pellizzaro.

Colonel Marcelo Daniel El Nayar, Army, Argentina. (Also attended MIDMC 05-13.)

I would also like to thank you all for the excellent course and the unforgettable moments that we spent together in Monterey. The SIDMC-07 brought up many issues especially in our processes that need more consideration. So I am confident that the knowledge you provided during the course will be at least as beneficial for me and my organisation as the IDMC-99 was.

From experience I can tell that the friendships developed during the course will last long and we will also meet each other somewhere someday.

All the best to all of you.

Rear Admiral Juha Rannikko, Navy, Finland. (Also attended IDMC 99-1.)

First Admiral Dato' Jamil Osman, Navy, Malaysia, writes, "I will be Assistant Chief of Staff Planning Operations at Navy Headquarters. What I learned in DRMI will be put to application in my new job."

Thank you very much for your mail. It has reminded me of the wonderful time I had with you, your colleagues, and of course my fellow Drmecians. The whole atmosphere created at the DRMI was for learning or training the minds of the participants (Drmecians) - young and old with different mindsets from different countries and cultural backgrounds.

Your and others' lectures and deliberations were very rich and well structured. You have done full

justice to the purpose. My hats off to you all. I still enjoy myself thinking of the jokes with which you used to begin your talks! [...]

Major General Anup K Chakma, Army, Bangladesh.

The best greetings to the whole DRMI team. Many thanks for excellent job you did for the people of SIDMC 07. It was great honor for me to participate in that big and challenging project. I wish you all many successful undertakings and personal satisfaction in the service of better understanding among nations and cultures.

Colonel Grzegorz "Greg" Sodolski, MoD, Poland.

I would like to thank DRMI faculty and all classmates for four very interesting weeks in Monterey. I really enjoyed it!

Now when I am back in business again I am sure that I will use the experience and knowledge that I gained from the course. However I am still waiting for my box with the binder and the books.

Best wishes

Rear Admiral Leif Nylander, Navy, Sweden

Air Commodore Rahman Syed Zilani, Air Force, Bangladesh, wrote DRMI to say that after the SIDMC he completed his PhD from the United States and "returned home with the laurels of both doctorate and SIDMC graduate."

Colonel Eugenio Lupinacci (Lupo), Air Force, Italy, sends DRMI his greetings and reports that he will soon be attending an eight-month course at the Defence Study center in Rome. He remarked that, "I have asked to attend a course in Drmecia, but the lack of a coastal highway prevents me from reaching the city of Sloat!"

LTC Radoslav (Rado) Ivancik, Army, Slovakia, writes that the "General Staff charged me with additional task to be a chairman of the Defense Planning and Programming Committee of the Slovak Armed Forces."

Captain Zahari (Zack) Hj Jamian, Navy, Malaysia, sent DRMI his greeting and wrote to say that "Adm Dato' Jamil has taken over the position of Assistant Chief of Staff Plan and Operations last week, i.e. he is my immediate boss now. I'll be hanging around in my present appointment as Director Future Systems for a while and start to synergize the things we learnt at Drmecia." He also included the below poem that he recited at the graduation dinner on 19th July.

Farewell Drmecia by Captain Zahari (Zack) Hj Jamian

I woke up one morning on my bed in Malaysia
With the good news that I'm going to Drmecia
It will be an important chapter in my life's event
Because I'm going to be their next President
Never in life had I an order so tall
Leading so many matured Admirals, Generals and all
For a country that is actually so small
And amongst them was also a Prince, so handsome and tall

I told this news to my friends from Botswana
They wished me good luck with all this Umgalagala
Although life's like Will Smith in the Prince of Bel-Air
Drmecia is a country with so many things to repair

The President had a month to manage the budgets
With a team of ministers who only love to fly jets
With a team of ministers who adore the marines
Who would be better off becoming marines
With a ministers' team that always smiles
Instead of shouting at each other and throw files

In the end, we had so much to dwell
Indeed DRMI has taught us well
So Drmecia is financially swell

A resource's Jedi we all have become
To our home countries, here we come

Thank you DRMI, thank you Drmecia
I'm flying with a happy face back to Malaysia
You have done wonderfully and done so much
So do good work and keep in touch

DRMC 07-3 class notes

The following class members send their greetings:

Mr. Robert Maki, Defense Contract Management Agency (DCMA), United States.

Colonel Francesco Diella, Army, Italy.

Ms. Nola Faye Smith, Army, United States.
(Also attended DRMC 07-2.)

DRMC 07-2 class notes

The following class members send their greetings:

Captain Dato' Lee Kwang Lock, RMN, Navy, Malaysia.

Colonel Yousef Al Manea, National Guard, Saudi Arabia. Colonel Al Manea also attended SGOP 07-1 and was an observer on other DRMI courses.

IDMC 06-2 class notes

Mr. Oleksandr (Alex) Pysarenko, MoD, Ukraine, reports he changed positions and jobs and now works at the Security and Defence Council of Ukraine.

Colonel Enrique Tonazzi Dieterich, Joint Deputy Chief of Staff for Intelligence, Armed Forces Joint Staff, Argentina, sends DRMI his greetings.

SIDMC 06 class notes

Major General Ismail Faruque, Engineer in Chief (E in C), Army, Bangladesh, sends DRMI his greetings.

IDMC 03-2 class notes

The following IDMC 03-2 participants sent DRMI their greetings:

Ms. Faten Kubba, MoD, Iraq.

Mr. Drazen Suhajda, Army/MoD, Croatia. (Also attended MIDMC 98-12.)

SIDMC 02 class notes

Professor Emeritus Peter Frederiksen met with **Lieutenant General Leelayudth Wuttinun**, Deputy Commanding General of the National Defense Studies Institute (NDSI) in Bangkok, Thailand on September 12, 2007. Also at the meeting was Dr. Chiradet Ousawat, President of the University of the Thai Chamber of Commerce. The NDSI and the University recently signed a Memorandum of Understanding to provide a joint military/civilian program in strategic studies and defense resources management in June 2008. Professor Frederiksen was asked to present several models of how such education might be provided. Lieutenant General Wuttinun attended the IDMC 91-1 as a Lieutenant Colonel and the SIDMC in 2002 as a Major General; he received his third star as he took up his new position as the NDSI.

SIDMC 98 class notes

King Abdullah II of Jordan, who attended SIDMC 98 as a MG in the Jordanian Army, returned to NPS and paid DRMI a short visit on 17 June. King Abdullah was on his way to Los Angeles via motorcycle and was expected to ride with Governor Schwarzenegger. The NPS Chief of Staff and Dean Bob Ord greeted the King who left him with Dr. C.J. LaCivita, Dr. Natalie Webb and Senior Lecturer Don Bonsper. Two Jordanian SIDMC members as well as an NPS

masters' student also joined DRMI faculty in their meeting with the King.

The King wanted to visit with DRMI faculty and asked about the faculty who taught in the SIDMC 98 course. He expressed satisfaction with his DRMI course and indicated that he will send another of his brothers to the SIDMC next year and start things moving for another mobile course in Jordan.

Curriculum Development, Teaching News and Service

New Course Opportunities for US Participants

As you know, DRMI has developed a number of new resident courses over the last couple of years:

- Multi-Criteria Decision Making
- Budget Preparation, Execution and Accountability
- Streamlining Government Through Outsourcing, Privatization and Public-Private Partnerships Course
- Base Realignment, Closure and Economic Redevelopment Course
- Financial Integrity, Accountability and Transparency

These courses were originally designed for international participants, but we are now making them available to U.S. participants. As with other resident courses, there is no tuition for U.S. participants; however, your command is responsible for travel and per diem. See our web site for more information.

Dr. Robert McNab teaching NPS course on the economics of insurgencies and stability operations



Dr. McNab is teaching an NPS course entitled "Economics of Insurgencies and Stability Operations - NS 3042" in the current fall quarter. NS3042 focuses on the economic incentives underlying conflict and the stabilization of post-conflict economies. As understanding the short and long-term economic factors that influ-

ence the likelihood of armed conflict is important for counter-insurgency efforts and stability operations, the course both discusses and examines the economic causes of conflict. The course also examines the economics of insurgencies and how economics can be used to mitigate the impact of insurgent movements. In addition, the course will consider the relative importance of political grievances with respect to economic incentives and will conclude with a discussion of the economics of reconstruction, focusing on microeconomic projects that can foster economic development.

Dr. Francois Melese receives the Williams Outstanding Professor Award



At an awards ceremony on 11 September, The Naval Postgraduate School honored DRMI's Dr. Francois Melese with the Williams Award. The Lieutenant Commander David L. Williams Outstanding Professor Award is named for Lieutenant Commander David L. Williams, U.S. Navy, a Na-

tional Security Affairs graduate of the Naval Postgraduate School in December 1996. In August 2000, Lieutenant Commander Williams joined the Office of the Chief of Naval Operations. This outstanding young naval officer was taken from us in the terrorist attack on the Pentagon on September 11, 2001. We honor this naval officer by placing his name on an award for an outstanding professor. We will continue to honor his memory at each graduation.

This award is presented quarterly to the faculty member of the School of International Graduate Studies who has demonstrated the greatest dedication to the learning and intellectual growth of students, in residence and abroad, and through that dedication had the greatest impact on the individual students and the course as a whole. The citation read: "The Lieutenant Commander David L. Williams Outstanding Professor Award is presented to Professor Francois Melese, Defense Resources Management Institute. Professor Melese is recognized for his enthusiasm for the work of the Defense Resources Management Institute, his willingness to seek out opportunities of benefit to students and the Institute as a whole, and for his ability to convey complex subjects in applicable terms. Professor Melese's ability to leverage his real-world con-

sulting experience into the classroom environment and his ability to engage and motivate students is a credit to himself and the Institute."

Congratulations Dr. Melese!



NPS President Dan Oliver presents Dr. Melese with the David L. Williams Outstanding Professor Award.

Dr. Melese speaks at joint NATO-Marshall Center in Ljubljana, Slovenia

NATO Headquarters invited Dr. Francois Melese to speak at the joint NATO-Marshall Center meetings held in Ljubljana, Slovenia, dedicated to helping our Partnership for Peace (PfP) and Membership Action Plan (MAP) partners in the Balkans. The agenda of the meetings was to share "Lessons Learned in Defense Resources Management from the NATO Accession 2004." Dr. Melese presented two talks. The first was entitled "Capabilities-Based Planning: Reinventing the Planning, Programming and Budgeting System," and the second was "Life Cycle Acquisition: The Importance of Transaction Cost Economics." Both talks are available upon request by emailing Dr. Melese at: fmelese@nps.edu. Two of the other speakers were also DRMI graduates: Ms. Bisserka Boudinova (IDMC 00-2), Head of Programming and Analysis in the Defense Planning & Programming Directorate from the Bulgarian Ministry of Defense (MoD), and General Dr. Jan Gavrila (DRMC 99-2), Advisor to the State Secretary of Defense for Policy & Planning from the Romanian MoD.

There were many citizens of Drmecia among the 50 or so delegates from various countries in the region. DRMI graduates in attendance included: Col Bardhyl Hoxha (MIDMC 06-4 & IDMC 05-2), Director, Directorate of Defense Resources Management, Albanian MoD; Col Foto Duro (IDMC 04-2), Director of the General Staff of the

Albanian Armed Forces; BG Sakib Foric (MIDMC 05-2 & SIDMC 06) Deputy Commander of Bosnian Army Force Operational Command; Davor Cutic (IDMC 97-2), Director, Croatian MoD; Drazen Suhajda (MIDMC 98-12 & IDMC 03-2), Senior Internal Auditor, Croatian MoD; Mr. Ante Modric (MIDMC 98-12), Department Director, Ministry of Finance and Everita Palma-Jansone (SIDMC 06), Deputy State Secretary for Finance, Latvian MoD. The Deputy Director of the George C. Marshall Center for Security Studies, Major General (Retired) Dr. Horst Schmalfeld himself attended DRMC 82-1 as a Lieutenant Colonel in the German Air Force; therefore he qualifies as an honorary citizen of Drmecia. Dr. Melese was grateful for the opportunity to speak to such a distinguished group of delegates that included so many friendly Drmecia citizens.

Staff and Faculty News

Lunch with former 'Cursantes' by Dr. Jim Airola



While in Buenos Aires to present MIDMC-07-9, Dr. Jim Airola and Senior Lecturer Larry Vaughn spent a wonderful Sunday afternoon having lunch at the house of a participant from the SIDMC-07, Col. Marcelo El Nayar. All faculty and participants of that course remember

Marcelo as the guitar player at the picnic. Also there were his classmates from the same SIDMC, Col Ernesto Victor Pellizzaro, and Col Enrique Tonazzi, a participant of IDMC 06-2. It was great seeing past participants, but especially in their homes, eating grilled 'churi-pan', drinking Argentine wine, and sharing stories about life in our respective countries. We also had the great opportunity to meet each of their wives and reminisce about their time in Monterey. All three had great memories of their time at DRMI and professed to have been able to utilize many of the decision-making tools learned there.

When we close a course at DRMI, we end by saying that we'll see each other again. This was a great opportunity to do just that and we hope that as we travel about, visiting many of your countries, that we will have the opportunity to

see former DRMI participants and experience a little of life in your country.

DRMI Executive Director C.J. LaCivita participates in radio and television program

DRMI Executive Director Dr. C.J. LaCivita participated on the 10 July local radio and television program "Your Town." Access Monterey Peninsula broadcasts "Your Town" on Monterey's Channel 24 and KNRY-AM 1240 makes it available on the radio. John Sanders, Director of University Relations at NPS, conducted the interview. The focus was on DRMI's international programs, with emphasis on the community host program.

Conference Presentations, Research and Publications

Dr. Natalie Webb attends Center for Stabilization and Reconstruction Studies workshop



Dr. Natalie Webb participated as a faculty observer at a workshop sponsored by the Center for Stabilization and Reconstruction Studies, which is part of the School of International Graduate Studies at NPS. The workshop was titled, "Making sense of it all: Cross-cultural understanding."

The goals of the workshop were to (1) discover and understand deep-rooted cultural influences shaping and reshaping ways of thinking and behavior; (2) learn how to make sense of cultural differences that they experience, knowingly and unknowingly, in the contexts of their professional activities; and (3) explore diverse approaches to transform cultural differences into opportunities for constructive relationship-building, especially between communities divided by violent conflict.

Publications

Looney, R. & R. McNab. (2007). Pakistan's economic and security dilemma: Expanded defense expenditures and the relative governance syndrome. Accepted for Publication. *Contemporary South Asia*.

Everhart, S., J. Martinez-Vazquez, & R. McNab (2007). Corruption, Governance, Investment, and Growth in Emerging Markets. Accepted for

Publication. *Applied Economics*.

Henderson, D., R. McNab, & T. Rozas (2007). Did inequality increase in transition? An analysis of the transitional countries of Eastern Europe and Central Asia. Accepted for Publication. *Eastern European Economics*.

McNab, R. & E. Mason. (2007). Reconstruction, the long-tail, and decentralization. Accepted for Publication. *Small Wars and Insurgencies*.

Looney, R. & R. McNab. (2007). Can economic liberalization and improved governance alter the defense-growth trade-off? Accepted for Publication. *Review of Financial Economics*.

Black Swan (Cont. from page 1)

He argues that black swan events dominate man's history because we live in Extremistan. Yet we behave as if we are living in Mediocristan, with a mindless devotion to the normal distribution, which he calls "that Great Intellectual Fraud," or GIF.

This is an interesting thesis to consider in conjunction with the DRMI approach to quantifying uncertainty. Recall that we discuss the importance of understanding the distribution of random variables, not being content to characterize their likelihood with only averages and variances. But DRMI goes well beyond the normal distribution and considers many alternative theoretical and empirical distributions.

Taleb's work has important implications for strategic planners who are trying to think in terms of "shocks and branches."¹ If he is correct, then our ability to predict future shocks is pretty poor and we should instead try to consider the consequences of their occurrence, instead of their likelihood, or when and where they will occur. This is analogous to the shift from focusing on a specific enemy in the former threat-based planning, programming and budgeting system to a capability-based perspective with threats posed by potentially multiple, unanticipated enemies.

Though I see value in his skeptical cynicism, Taleb's approach borders on being excessively sarcastic and he repeats himself frequently, over and over again...did I mention he is repetitive? He is also a little unkind to academics, especially economists! He seems to take pleasure in

citing occasions where “experts” have erred in predicting the future. With so many predictions being made on a regular basis, finding predictions that were grossly incorrect is not much of a challenge, and I don’t think it really makes Taleb’s point. It might be better to ask if there are ways to improve on our predictions by learning from those who have done well at predicting in the past.

Two features of *The Black Swan* that I particularly enjoyed were Taleb’s extensive bibliography and his well-referenced chapter notes. Together, these two aspects of the book can help the life-long learners among us to heed the advice of Umberto Eco – to put more value on the books you have not read than on those you

have already read. Or as Taleb puts it, “what you don’t know [is] far more relevant than what you do know.” Or think you know!

¹ Recall DRMI’s characterization of risk as a function of what can go wrong, how likely it is to go wrong, and the consequences of it going wrong.

DRMI Brochure

The Defense Resources Management Course brochure is now available. If you would like copies, please contact the Admin Office at 831-656-2104 (DSN 756) or send e-mail to DrmiAdmin@nps.navy.mil

Future Mobile Courses

Calendar Year 2007

Dates	Country
05 NOV – 09 NOV	Mexico
06 NOV – 09 NOV	Serbia

Calendar Year 2008

Dates	Country
04 FEB – 15 FEB	Sierra Leone

Future Resident Courses

Calendar Year 2007

Dates	Course Name	Number	Length
24 SEP – 07 DEC	International Defense Management Course*	IDMC 07-2	11

* This course convenes in one fiscal year and continues into the next fiscal year.

Calendar Year 2008 (Tentative)

Dates	Course Name	Number	Length
07 JAN – 01 FEB	Defense Resources Management Course	DRMC 08-1	4
04 FEB – 15 FEB	Multi-Criteria Decision Making	MCDM 08-1	2
04 FEB – 16 APR	International Defense Management Course	IDMC 08-1	11
21 APR – 25 APR	Financial Integrity, Accountability and Transparency	FIAT 08-1	1
21 APR – 15 MAY	Defense Resources Management Course	DRMC 08-2	4
19 MAY – 23 MAY	Streamlining Government through Outsourcing, Privatization and Public/Private Partnerships	SGOP 08-1	1
19 MAY – 13 JUN	Defense Resources Management Course	DRMC 08-3	4
23 JUN – 18 JUL	39 th Annual Senior International Defense Management Course	SIDMC 08	4
21 JUL – 14 AUG	Defense Resources Management Course	DRMC 08-4	4
04 AUG – 15 AUG	Base Realignment, Closure and Economic Redevelopment	BRCER 08-1	2
18 AUG – 12 SEP	Defense Resources Management Course	DRMC 08-5	4
01 SEP – 12 SEP	Multi-Criteria Decision Making	MCDM 08-2	2
15 SEP – 24 SEP	Budget Preparation, Execution and Accountability	BPEA 08-1	1.3
22 SEP – 05 DEC	International Defense Management Course*	IDMC 08-2	11

* This course convenes in one fiscal year and continues into the next fiscal year.

For additional information on any of our resident courses please contact Mary Cabanilla at (831) 656-2104 or e-mail DrmiAdmin@nps.navy.mil



The Defense Resources Management Institute publishes the DRMI Newsletter quarterly. Direct questions regarding content or the submission of proposed articles to the Newsletter Editor, DRMI 64We, 699 Dyer Rd, Monterey, CA 93943.